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In the Supreme Court of the United States

October Term, 1984

ROL MFG. CO. and ROL MANUFACTURING (CANADA), LTD. and THE ROL MANUFACTURING COMPANY OF AMERICA, INC.,

Petitioners,

vs.

NICKSON INDUSTRIES, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI
To the United States Court of Appeals
For the Federal Circuit

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QUESTIONS PRESENTED

1. Whether the Court of Appeals for the Federal Circuit erred in reversing the District Court's patent invalidity determination when the Federal Circuit found no findings of fact below to be clearly erroneous, and further engaged in *de novo* fact finding?

2. Whether the Court of Appeals for the Federal Circuit erred in reversing the District Court's determination that this was an "exceptional case" and therefore awarding attorney's fees to the Petitioners because of fraud on the Patent Office practiced by the Respondent?

THE PARTIES

The caption of the case in this Court contains the names of the parties to the proceedings in the Court of Appeals for the Federal Circuit.

RULE 28.1 STATEMENT

Rol Manufacturing of America, Inc., also known as The Rol Manufacturing Company of America, Inc., is a wholly-owned subsidiary of Rol Manufacturing (Canada), Ltd., a successor to Rol Mfg. Co.

Nickson Industries, Inc. has no parent or subsidiaries from which business is transacted.

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For the Federal Circuit

OPINIONS BELOW

The opinion of the Court of Appeals for the Federal Circuit is unreported and appears in the Appendix to this petition at Appendix A1. The order of the Court of Appeals denying Petitioners' request for rehearing appears at Appendix A27. The unreported opinion of the trial court finding patent invalidity and awarding attorney's fees appears at Appendix A5.

JURISDICTION

The judgment of the Court of Appeals for the Federal Circuit sought to be reviewed is dated February 25, 1985. Petitioners' timely petition for rehearing was denied by

order of the Court of Appeals for the Federal Circuit dated April 9, 1985. Jurisdiction of this Court to review the February 25, 1985 judgment is conferred by 28 U.S.C. § 1254(1) (1948).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

United States Constitution, Article I, Section 8, clause 8 provides:

> The Congress shall have Power . . .
>
> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

35 U.S.C § 103 (1984) provides:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in § 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.
>
> Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

STATEMENT OF THE CASE

Nickson Industries, Inc. (hereinafter sometimes referred to as "Respondent") instituted the present action for infringement of two patents granted to it on items of automotive exhaust hardware, namely, a tailpipe hanger and a pipe support bracket. The instant case is a consolidation of a first action filed in the United States District Court for the District of Connecticut in 1981 for infringement of the tailpipe hanger patent. The complaint was amended in 1982 to include both Canadian corporate defendants, Rol Manufacturing Co. and Rol Manufacturing (Canada), Ltd., and the pipe support bracket patent along with the tailpipe hanger patent. The case was also consolidated with a second action filed in 1982 in the District Court for the Central District of Florida against the Rol Manufacturing Company of America, Inc.

Petitioners stipulated to the validity and infringement of U.S. Patent No. 4,209,155, relating to the pipe support bracket because of the nominal number of infringing brackets made by Petitioners.

Petitioners also stipulated to the infringement of U.S. Patent No. 4,004,768 (hereinafter sometimes referred to as the "patent in suit" or "patent") by certain of its hangers if installed in a vertical position, but defended on the grounds that this patent, which claimed a tailpipe hanger, was invalid. Following a trial on the merits, the district court filed a lengthy 24 page finding of facts and conclusions of law. Therein, the court found Respondent's patent to be invalid, and further awarded Petitioners their attorney's fees concluding that Respondent had knowingly withheld from the Patent Office material prior art which, had the Patent Office been made aware of it, would have resulted in its refusal to issue a patent.

Respondent appealed the decision to the United States Court of Appeals for the Federal Circuit. In a brief, unreported, four page opinion the Federal Circuit held the fact findings of the District Court to not be clearly erroneous. Nevertheless, the Federal Circuit summarily reversed the finding of invalidity, and struck the district court's attorney fee award.

Petitioners, petitioned the Federal Circuit for a rehearing, pointing out that its decision reversing the district court's invalidity determination, incorrectly invaded the fact finding province of the district court, and that the Federal Circuit must have arrived at its own factual findings to reach the opposite conclusion from that reached by the district court.

On April 9, 1985, the Court of Appeals for the Federal Circuit denied Petitioners' petition for rehearing.

REASONS FOR GRANTING THE WRIT

I. THE FEDERAL CIRCUIT ERRED IN REVERSING THE DISTRICT COURT'S PATENT INVALIDITY DETERMINATION WHEN THE FEDERAL CIRCUIT FOUND NO FINDINGS OF FACT BELOW TO BE CLEARLY ERRONEOUS, AND FURTHER ENGAGED IN DE NOVO FACT FINDING.

On numerous occasions this Court has invalidated patents based on a "shadow of a shade of an idea". *Atlantic Works v. Brady,* 107 U.S. 192, 200 (1883). The instant case provides another opportunity for this Court to do so.

In order to be valid, the invention claimed in a patent must be novel, useful, and non-obvious. If each element of a claimed invention has been anticipated by a single reference in the prior art, the claimed invention is not novel and valid patent protection is barred by Section 102 of the Patent Statutes, 35 U.S.C. § 102 (1975). However, recognizing that slight substitutions in one or more elements of a reference also do not rise to the level of invention required by the Constitution, Congress precluded patent protection for obvious changes to prior art references by enacting 35 U.S.C. § 103 (1984).

The definition of "obviousness" under § 103 was left substantially open, and subject to a wide scope of interpretation in the courts. This Court has, fortunately, provided guidance in ascertaining whether an invention meets the non-obviousness test of § 103. As would be expected, such inquiries are contingent upon the facts in each individual case.

In *Graham v. John Deere Company of Kansas City,* 383 U.S. 1 (1965), this Court set forth the proper test for

non-obviousness under § 103, and has noted that this legal conclusion rests on mandatory questions of fact:

> While the ultimate question of patent validity is one of law, *Great A. & P. Tea Co. v. Supermarket Equipment Corp., supra,* 340 U.S. at 155, 71 S.Ct. at 131, the § 103 condition which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries. Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unresolved needs, failure of others, etc., might be utilized to give light of the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.

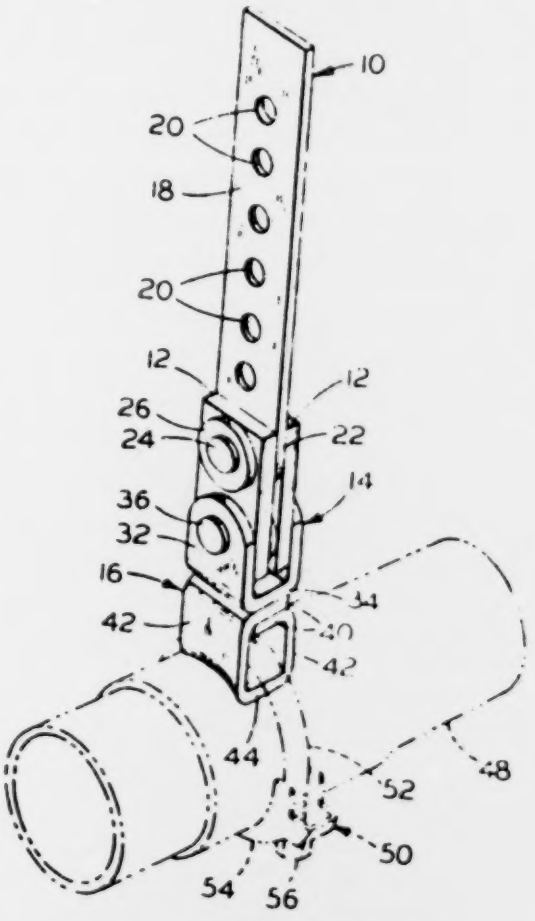
Id. at 17-18. See also, *Sakraida v. Ag Pro, Inc.,* 425 U.S. 273, 280 (1976).

In reversing the district court's invalidity determination, the Federal Circuit has rendered a decision which conflicts with the guidelines promulgated by this Court in *Graham, Sakraida* and *Anderson's-Black Rock Inc. v. Pavement Salvage Co.,* 396 U.S. 57, 90 S. Ct. 305 (1969). This Court has exercised its supervisory powers over the courts of appeal in patent cases when the appellate courts utilized too low of a threshold of patentability. For example, in both *Anderson's-Black Rock* and *Sakraida,* the respective district court found the patent invalid for obviousness, and the respective appellate court reversed and

held the patent valid. This Court, however, reversed the decisions of the appellate courts and held each of the patents invalid for obviousness. Furthermore, in *Calmar v. Cook* and *Colgate-Palmolive v. Cook*, which were decided with *Graham*, both lower courts held the patent valid but this Court nevertheless reversed and held the patent invalid for obviousness. The present case provides another opportunity for this Court to instruct an appellate court, the one that now reviews all patent appeals, on the correct standard for obviousness under § 103.

A. The District Court Correctly Determined The Patent To Be Invalid For Obviousness

The patent in suit concerns a tailpipe hanger which is illustrated to the right. The hanger includes a perforated metallic strap 10, a pair of rubber straps 12, a U-shaped bracket 14 and a hanger 16. The hanger 16 is adapted to receive a U-bolt 52 which is a part of a clamp 50. The pair of rubber strap members 12 can pivot with respect to the metallic strap 10 around a pivot pin 24. The rubber straps 12 can also pivot with respect to the U-shaped bracket 14 via a second pivot 36.



Patented Hanger

The district court found the patent in suit invalid over a hanger which had been manufactured by the Respondent prior to the invention of the hanger claimed in the patent in suit. Although Respondent was obviously aware of this hanger since it manufactured it, Respondent chose not to disclose it to the Patent Examiner.

This prior art hanger, known as the Exhibit 57A hanger is illustrated to the right and can be seen to contain a perforated metal strap for height adjustment, one rubber strap, an L-shaped bracket member and a lower hanger element. The Exhibit 57A hanger also has a pair of pivots (i.e. double pivots) so that the hanger may be offset for installation adjustment. Moreover, the hanger has a 360° swivel between the lower hanger element and the L-shaped bracket. Thus, the Exhibit 57A hanger has the same "universal" characteristics which were contended by Respondent to be new in the patented hanger.

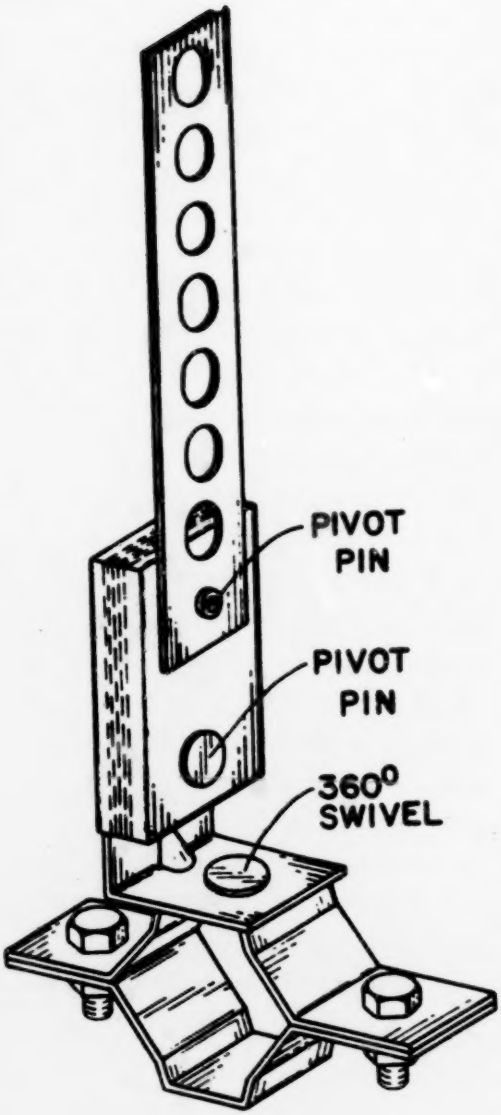


Exhibit 57A Hanger
Prior Art

Another prior art hanger of which Respondent was aware of but chose not to disclose to the Patent Office Examiner is the Walker hanger of Exhibit 47. This hanger, as illustrated to the right, includes a perforated metal strap, a length of rubber strap which is folded in the shape of a loop, a pivot securing the rubber strap to the metal strap (thereby defining a pair of strap elements), and a lower hanger member pivotably secured by a 360° vertical swivel to the loop. The Exhibit 47 hanger also has centerline loading in that it has geometric symmetry since the swivel axis is aligned with the plane of the perforated metal strap.

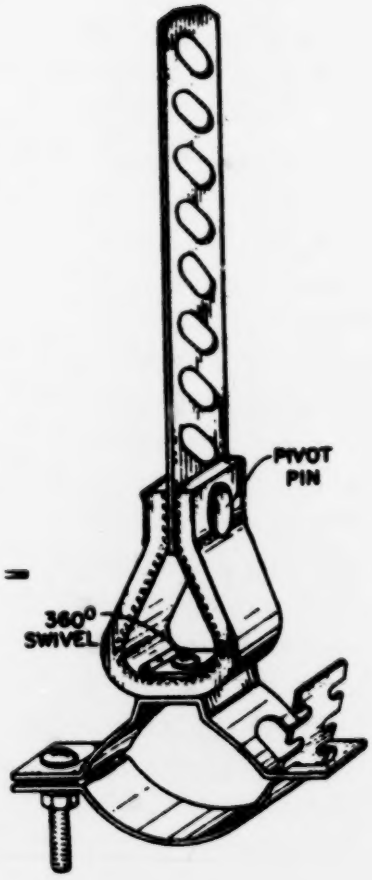
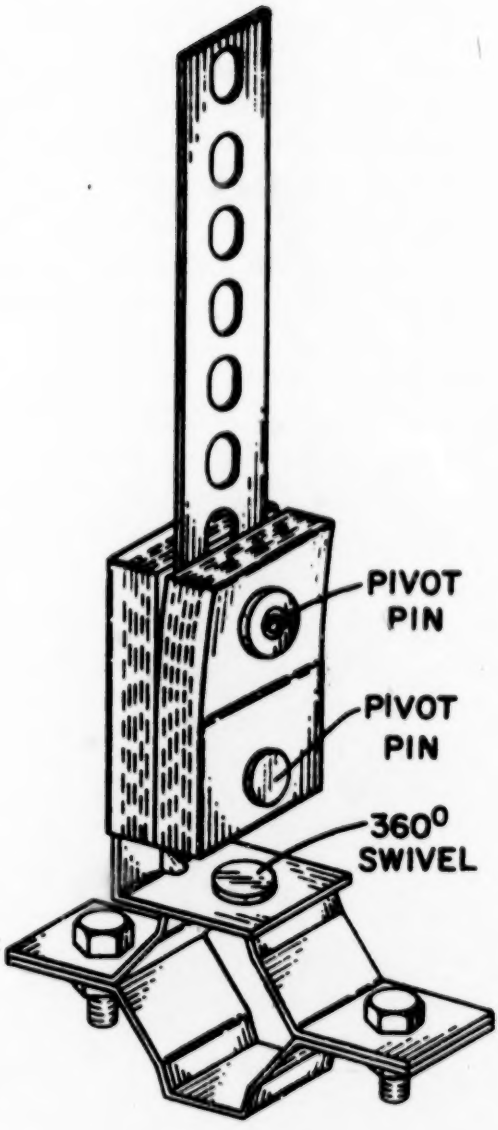


Exhibit 47 Hanger
Prior Art

As mentioned, the Exhibit 57A hanger was used by the district court as the base reference in its obviousness determination. The Exhibit 57A hanger differs from the claimed hanger in only three respects. They are as follows: (a) the claimed hanger has two rubber straps whereas the Exhibit 57A hanger has only one; (b) the claimed hanger has a U-shaped bracket attached to the bottom of the rubber straps rather than an L-shaped bracket and (c) the swivel axis of the claimed hanger is aligned with the thin metal strap rather than being slightly offset as in the Exhibit 57A hanger.

Insofar as the use of a pair of rubber straps in the tailpipe hanger is concerned, Mr. Evans, a co-inventor, admitted at trial that it would be obvious to use a pair of rubber straps instead of a single rubber strap in order to strengthen the hanger. This admitted-to-be-obvious hanger is illustrated to the right.

With regard to the use of a U-shaped bracket in a hanger, this is well-known in the prior art and is illustrated in the patent to Willment 622,743, which Respondent knew of but chose not to disclose to the Patent Office. Moreover, the teaching of supplying a U-shaped bracket at the bottom of a pair of straps in a tailpipe hanger is also supplied by the Gerdy Patent, No. 2,744,706.



Admitted to be Obvious Hanger

The third difference between the patented hanger and the Exhibit 57A hanger is the alignment of the swivel axis with the perforated metal strap in order to give geometric symmetry to the hanger. However, the concept of geometric symmetry in tailpipe hangers was well-known in the art at the time the invention was made. Mr. Costas, counsel for the Respondent, stipulated at trial that the Gerdy patent had geometric symmetry and that the inventors were familiar with it prior to the filing of Respondent's patent application. Moreover, the Walker hanger of Exhibit 47 also discloses a hanger which has geometric symmetry.

It is therefore clear that the inventors simply took an existing tailpipe hanger, namely the Exhibit 57A hanger, which Respondent had been manufacturing for years, and made obvious design refinements to strengthen the hanger. These refinements were obvious at the time the invention was made to the average practitioner skilled in the art and did not rise to the level necessary for the grant of a valid patent under 35 U.S.C. § 103. This patent is, indeed, one based on a "shadow of a shade of an idea."

B. Any Legal Conclusion Concerning Patent Validity Is Necessarily Founded Upon Facts Which Should Be Ascertained At Trial

Although the Federal Circuit stated that the district court's fact findings were not clearly erroneous (Federal Circuit opinion at page 4, Appendix A3), the Federal Circuit nevertheless overturned the district court's opinion. The reasons for the Federal Circuit's reversal are not at all clear. It certainly has not provided the district court with any guidance on where it went wrong. Perhaps, as stated on page 3 of its opinion, Appendix A3, the Federal Circuit objected to the district court's opinion because it failed to mention secondary considerations of non-obviousness.

In *Simmons Fastener Corp. v. Illinois Tool Works, Inc.*, 222 U.S.P.Q. (BNA) 744 (Fed. Cir. 1984), the Federal Circuit reversed that district court's invalidity finding under § 103 because the court had not considered the secondary considerations noted under *Graham*:

> The section 103 test of nonobviousness set forth in Graham is a four-part inquiry comprising, not only the three familiar elements, (scope and content of the prior art, differences between the prior art and the claims at issue, and the level of ordinary skill in the pertinent art), but also evidence of secondary considerations where such evidence is, of course, present. (Citations omitted.)

Id. at 746. The *Simmons* case reaffirms the importance of factual inquiries underlying any determination of § 103 obviousness. Of course, if a failure to mention secondary considerations in the district court opinion were the rationale of the Federal Circuit in reversing the district court, it should have remanded this case to the district court for findings of fact on this issue. But that is not what the Federal Circuit did.

The Federal Circuit gave a cursory look to the district court's findings, and curtly reversed its conclusion of invalidity for obviousness in one paragraph:

> Although the district court's general observations regarding the differences between the claimed hanger and the prior art are not clearly erroneous, we disagree with the conclusion that those differences are insufficient to establish patentability. Claim one requires "a pair of closely spaced strap members" arranged at one end around either side of the support member, while simultaneously the legs of the U-shaped bracket are "closely adjacent the outer portions" of

> the other ends. *The differences are therefore more specific than the district court apparently believed.* None of the references before the district court indicates that it would have been obvious to make such a combination in the context of a symmetrical hanger that includes the other elements of claim one.

Federal Circuit opinion at 4; Appendix A3-A4 (emphasis supplied).

When factual questions are at issue, the decisions thereon are uniquely appropriate for handling at the trial level in the district courts. This is more true than ever in complex patent cases. The district court evaluated the Respondent's patent by the test set out in *Graham* and found:

> The '768 hanger differs from the Exhibit 57A hanger in only three respects:
>
> (a) The '768 hanger has two rubber straps instead of one which is present in the Exhibit 57A hanger;
>
> (b) The '768 patent has a U-shaped bracket attached to the bottom of the rubber straps rather than an L-shaped bracket which is provided in the Exhibit 57A hanger; and,
>
> (c) The swivel axis of the '768 hanger is aligned with the thin metal strap rather than being slightly offset as in the Exhibit 57A hanger.

district court opinion at 14-15; Appendix A16-A17.

In evaluating the scope and content of the prior art as mandated by *Graham*, the district court found each of the literal differences to be anticipated in the prior art. These have been marked correspondingly for clarity:

> [a] Mr. Evans, one of the '768 inventors, admitted, at trial, that it would be *obvious* to use a pair of rubber straps instead of a single strap in order to strengthen the hanger. . . .
>
> [b] The use of a U-shaped bracket in a hanger was well established as shown by the patent to Willment, 622,743 (Exhibit 85) which issued in 1899. . . .
>
> [c] Mr. Costas, the plaintiff's attorney, stipulated at trial that Mr. Evans was familiar with the Gerdy patent, 2,744,706 (Exhibit 61) prior to the filing of the Respondent patent application. Mr. Costas further stipulated that Mr. Evans was aware of the fact that Gerdy had geometric symmetry. Further, prior art patents to Farley, 1,362,244, Feil, 2,912,198 and Tuttle, 3,888,439 all teach tailpipes hanger structures in which geometric symmetry is provided.

district court opinion at 15-17; Appendix A17-A18 (emphasis from the Court). Thus, the district court found, as fact, only three literal differences between the claims at issue and the prior art. Each of these literal differences were found to be well within prior art and actually known to the inventors, a second finding of fact.

The remaining factual finding to be made under the conventional three-part *Graham* test is the level of ordinary skill in the art. With regard to this, the district court found that the three changes necessary to the Exhibit 57A hanger were well within the ordinary skill:

> The testimony of Dr. Thomas P. Kicher, a Professor of Mechanical Engineering, supports the proposition that the differences between the claimed subject matter and the prior art would have been obvious

> to one having ordinary skill in the art at the time of the invention. Such expert testimony, however, is unnecessary because, taken as a whole, the structural difference between the '768 patent and prior art "would even have been obvious to ordinary laymen of modest intelligence." *Monoplastics, Inc. v. Caldor, Inc.*, 378 F.2d 20, 21 (2d Cir. 1967).

district court opinion at 17; Appendix A18-A19. The district court had the opportunity to view the testimony of the witnesses and experts for both sides, at trial. This ability allowed the court to observe their demeanor and their credulity, an opportunity not afforded to appellate courts. The trial court thereby reached its finding that the substitution of elements was well within the ordinary skill in the art.

C. The Federal Circuit Despite Paying Lip Service To The District Court's Fact Finding, Engaged In Fact Finding Of Its Own To Hold The Patent Valid

Although the Federal Circuit gives lip service to the clearly erroneous standard of Rule 52, in its decision the Federal Circuit stated "[t]he differences [between the prior art and the claimed invention] are therefore more specific than the district court apparently believed." This phrase echoes the second *factual* inquiry to be made under *Graham*: "the differences between the prior art and the claims at issue." 383 U.S. at 17. Thus the Federal Circuit appears to have substituted its own findings of fact for that of the district court, even while it stated that the district court's fact findings were not clearly erroneous.[1]

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1. Although this Court did not elaborate on what it meant in the *Deere* case by the statement that, "the ultimate question of patent validity is one of law" it is evident that the question

(Continued on following page)

Though a consolidated appellate body for a particular subject is well suited for achieving uniformity in legal precedent, it must not be allowed to act in disregard of the province of the tribunals below it. The Federal Circuit must realize the importance which the fact finder plays, and must not be allowed to maintain its all too prevalent practice of engaging in *de novo* trials on appeal.

This Court has noted, through its promulgation of the Federal Rules of Civil Procedure, the gravity and importance of a district court's findings of fact:

> Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses.

Footnote continued—

of whether a device is obvious to a person of ordinary skill in the art at the time an invention was made is neither legal nor factual in the usual sense in which those terms are used. The term "fact" generally connotes something which has happened or existed while the term "law" means essentially "a body of principles and rules which are capable of being predicted in advance". The essence of invention is that it involves the application of a highly ambiguous legislative standard to a particular set of facts. A focus on the standard without regard to the facts is misguided. See Comment, *Appellate Review Of Determinations Of Patentable Inventions*, 27 U. CHICAGO L. REV. 185, 194-195 (1961).

As is noted in MOORE, a scientific distinction between fact and law is not workable nor would such a distinction serve the purpose behind Rule 52, F.R.C.P., which is to aid the Appellate Court when an appeal is taken. 5A MOORE'S FEDERAL PRACTICE, Paragraph 52.05(1) (1984).

In this connection a learned commentator has recently stated that making obviousness an "issue of law" does not dispel the feeling that it has a factual aspect comparable in scope to the factual aspect of negligence since both depend for their meaning on a strong factual base. Pravel, *Issues Of Law And Fact At Appellate Level*, A.I.P.L.A. JOURNAL, Vol. 12, No. 4 (1984). Thus, in patent cases it needs to be recognized that any disregard of the facts in determining the "ultimate question of patent invalidity" would be wrong. The legal conclusions regarding the question of unobviousness must be based on the facts established in the record and is, really, a mixed question of law and fact.

Fed. R. Civ. P. 52(a). The trial judge is in a unique position to personally observe the witnesses and evidence as it unfolds at trial. As noted by this Court, these factors are more relevant in patent cases than in any other:

> Rule 52(a) of the Federal Rules of Civil Procedure, 28 U.S.C.A., provides in part: "Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses." To no type of case is this last clause more appropriately applicable than to the one before us, where the evidence is largely the testimony of experts as to which a trial court may be enlightened by scientific demonstrations. . . .
>
> The rule requires that an appellate court make allowance for the advantages possessed by the trial court in appraising the significance of conflicting testimony and reverse only "clearly erroneous" findings.

Graver Tank & Mfg. Co., Inc. v. Linde Air Products Co., 336 U.S. 271, 274-75 (1949). More recently, this Court has reaffirmed the importance of the district court in determining factual issues:

> In applying the clearly erroneous standard to the findings of a district court sitting without a jury, appellate courts must constantly have in mind that their function is not to decide factual issues *de novo*. The authority of an appellate court, when reviewing the findings of a judge as well as those of a jury, is circumscribed by the deference it must give to decisions of the trier of the fact, who is usually in a superior position to appraise and weigh the evidence. The question for the appellate court under Rule 52(a) is not whether it would have made the findings the

> trial court did, but whether "on the entire evidence [it] is left with the definite and firm conviction that a mistake has been committed." (citations omitted).

Zenith Radio Corporation v. Hazeltine Research, Inc., 395 U.S. 100, 123 (1969). The Federal Circuit's decision does not point to any errors in fact, and was apparently arrived at with a disregard of the fact findings of the district court. This practice should not be permitted to stand and only this Court can curtail it.

Unfortunately, the present case is by no means the first instance of the Court of Appeals for the Federal Circuit summarily substituting its own findings of fact for those of a district court. It is perhaps to be expected that a specialized appellate court would tend to substitute its own views for that of a lower tribunal. This trend, however, runs contrary to the established precedent in this Court and is further contrary to Rule 52 of the Federal Rules of Civil Procedure.

As mentioned, the problem is not by any means unique to this case as nearly 10% of all petitions for certiorari to the Supreme Court emanating from the Federal Circuit have pivoted around this very issue and this percentage is ten (10) times higher than the average from all of the other circuit courts of appeals combined.[2] It is significant that the judges of the Federal Circuit itself have,

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2. The recurring problem of *de novo* fact finding by the CAFC was most recently presented to this Court by the petition in *Valmet Oy and TVW Papermachines, Inc. v. Beloit Corporation*, No. 84-1664 (October Term, 1984) *cert. denied*, ... U.S. ..... (June 10, 1985). That case pointed out to the Court that 9.8% of all petitions sought to the CAFC were founded upon problems of *de novo* fact finding, as compared to 1.0% of those petitions for review of the remaining circuits. Petitioner herein unfortunately only further augments these figures. See *Id.* at A-43 (Comparative Analysis of Petitions for Writs of Certiorari of *De Novo* Fact Finding by the Circuit Courts of Appeals).

on occasion, criticized the court for exceeding its appellate function by engaging in *de novo* fact finding. See, e.g., *Jones v. Hardy*, 727 F.2d 1524, 1534 (Fed. Cir. 1984) (Kashiwa, *J.* dissenting in part); and *Baginsky v. United States*, 697 F.2d 1070, 1077 (Fed. Cir. 1983) (Kashiwa, *J.* dissenting in part) *cert. denied*, ... U.S. ....., 104 S. Ct. 423 (1983), *reh. denied*, ... U.S. ....., 104 S. Ct. 987 (1984).

II. THE FEDERAL CIRCUIT ERRED IN REVERSING THE DISTRICT COURT'S DETERMINATION THAT THIS WAS AN "EXCEPTIONAL CASE" AND THEREFORE AWARDING ATTORNEY'S FEES TO THE PETITIONER BECAUSE OF FRAUD ON THE PATENT OFFICE BY THE RESPONDENT.

A. The District Court Correctly Found That The Respondent Had Fraudulently Withheld The Most Relevant Prior Art From The Patent Office

Neither the inventors, Messrs. Florian and Evans, nor their attorney, Mr. Costas, deemed it important to inform the Examiner of the existence of the Exhibit 57A hanger. As mentioned, this is the base reference used by the district court in finding patent invalidity and the use thereof was not considered to be clearly erroneous by the Federal Circuit. The failure on the part of the applicants and their attorney to disclose to the Patent Office material prior art references developed in their own prior art search as well as the Exhibit 57A and the Exhibit 47 hangers was fraudulent. The district court correctly so held citing *CMI Corp. v. Barber Greene Co.*, 683 F.2d 1061, 1066, 217 U.S.P.Q. 456, 460 (7th Cir. 1982) (failure by applicant to cite its own machine as prior art is sufficient to support a finding of fraud).

B. The District Court Correctly Found That The Respondent Had Fraudulently Misrepresented The Invention Before The Patent Office

In addition to the withholding of material prior art, the Respondent made several misrepresentations to the Examiner during the course of prosecution of the patent in suit.

Respondent informed the Patent Examiner that Respondent's hanger had symmetrical loading so that the force exerted thereon by a suspended pipe extended along the centerline of the hanger. In point of fact, while Respondent's hanger exhibited geometric symmetry, as testified by Petitioner's expert, the hanger did not exhibit loading symmetry due to the wide variations in the strength of the rubber straps employed in the manufacture of hangers. Therefore, contrary to the assertions made by the Respondent to the Patent Office Examiner, Respondent's hanger does not provide for symmetry in load distribution through the rubber straps. This was admitted by one of the co-inventors during the trial.

Respondent also argued to the Patent Examiner that, when the hanger was hung in a vertical position, there was "substantial force" acting on the hanger tending to snap off the rivet or bolt heads securing the hanger and that Respondent's hanger withstood this force. However, Respondent's assertions were misleading because relatively few hangers (approximately 10%) are in fact installed in a vertical position in a vehicle and because the load exerted on tailpipe hangers is not substantial. Moreover, there was no disagreement at trial among any of the witnesses that failure of the rubber straps in a tailpipe hanger is the most likely mode of failure of the hanger itself, not the failure of any rivets.

On the basis of the above, the district court concluded that:

> [t]he patentees were sophisticated in the tailpipe hanger art. No excuse is offered nor can any be imagined for the several misstatements they made to get the Patent Examiner to approve their application. *See Trans-World Display Corp. v. Mechtronics Corp.*, 437 F. Supp. 692 (S.D.N.Y. 1977).

district court opinion at 22; Appendix A23.

35 U.S.C. § 285 provides that the court may in exceptional cases award reasonable attorney's fees to the prevailing party. Based on the circumstances surrounding Respondent's failure to disclose the existence of known prior art as well as the circumstances surrounding Respondent's misstatements during the prosecution, the district court held the present case to be exceptional and meriting an award of attorney's fees to Petitioners. The district court was correct in doing so.

It is evident that based on the checkered patent prosecution history as well as on the flimsy distinctions over the prior art, the Respondent's tailpipe hanger patent is invalid for obviousness as the district court correctly concluded. It is respectfully submitted that the Federal Circuit erred in reversing both the district court's invalidity determination as well as its determination that this was an exceptional case because of fraud on the Patent Office and its decision to award attorney's fees.

CONCLUSION

For the above reasons it is prayed that the judgment of the Court of Appeals for the Federal Circuit be reversed, and the judgment of the district court be reinstated.

Respectfully submitted,

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APPENDIX

OPINION OF THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

(Decided February 25, 1985)

Appeal No. 84-1377

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

NICKSON INDUSTRIES, INC.,
Appellant,

v.

ROL MFG. CO. and ROL MANUFACTURING (CANADA), LTD., and the ROL MANUFACTURING COMPANY OF AMERICA, INC.,
Appellees.

Before MARKEY, *Chief Judge*, FRIEDMAN, *Circuit Judge*, and SKELTON, *Senior Circuit Judge*.

PER CURIAM.

DECISION

This is an appeal from the judgment of the United States District Court for the Eastern District of Connecticut invalidating Nickson Industries' (Nickson) U.S. Patent No. 4,004,768 ('768 patent), issued to Evans and Florian, and awarding attorney fees under 35 U.S.C. § 285 to Rol Mfg. Co., Rol Manufacturing (Canada), Ltd., and Rol Manufacturing Company of America, Inc. (collectively "Rol").

We *reverse* the judgment of invalidity, *vacate* the award of attorney fees, and *remand* to the district court for further proceedings.

OPINION

The '768 patent covers a hanger for securing tailpipes to automobiles. The hanger is designed to fit a wide variety of automobiles, and is used primarily as a replacement part after the original hanger wears out. The hanger includes rubber strips, which are attached to the metal parts of the hanger by rivets.

During prosecution the inventors disclosed several patents to the examiner, including U.S. Patent Nos. 2,744,706 to Gerdy, and 3,261,579 to Engman. The inventors did not disclose several other prior hangers of which they were aware, including a previous hanger Nickson made, designated at trial as DX 57A, as well as those in U.S. Patent Nos. 622,743 and 2,912,198. In discussing the prior art, the specification stated that the hangers there shown are subject to "substantial forces tending to snap off the rivets" "due to an asymmetrical load distribution," which the claimed invention is said to alleviate.

Nickson's suit alleged infringement of the '768 patent by two Canadian companies that make and sell tailpipe hangers, and a related United States company that distributes them. All three have admitted infringement, but contend that the '768 patent is invalid and/or unenforceable.

The district court held the patent invalid as obvious in view of the prior art, relying particularly on the DX 57A hanger. The court found that the claimed invention differed from that hanger in three respects: (a) it used "two rubber straps instead of one," (b) it "has a U-shaped

bracket attached to the bottom of the rubber straps rather than an L-shaped bracket," and (c) it is symmetrical about a central axis and therefore is symmetrically loaded.

The court viewed the first difference as simply a "doubling" of one element of the prior art that one of the inventors of the '768 patent admitted would have been obvious. It ruled that the second and third differences would have been obvious in light of examples of U-shaped brackets and center-line symmetry in the tailpipe hanger art. The court's opinion made no mention of secondary considerations.

The court awarded attorney fees to Rol under 35 U.S.C. § 285. It did so because of Nickson's failure to disclose prior art to the Patent and Trademark Office, and because it found no basis for the statements in the specification that the rivets of the prior art hangers snapped off, and that the claimed hanger exhibited symmetrical loading.

In support of the judgment below, Rol argues that the factual determinations underlying the conclusion of obviousness were not clearly erroneous, that the conclusion itself was legally correct, and that any evidence of secondary considerations was *de minimis*. Rol further argues Nickson's conduct was tantamount to fraud or constituted inequitable conduct and supports the award of attorney fees.

Although the district court's general observations regarding the differences between the claimed hanger and the prior art are not clearly erroneous, we disagree with its conclusion that those differences are insufficient to establish patentability. Claim one requires "a pair of closely spaced strap members" arranged at one end around either side of the support member, while simultaneously

the legs of the U-shaped bracket are "closely adjacent the outer portions" of the other ends. The differences are therefore more specific than the district court apparently believed. None of the references before the district court indicates that it would have been obvious to make such a combination in the context of a symmetrical hanger that includes the other elements of claim one.

There was no conduct by Nickson to warrant a determination of fraud or inequitable conduct. The undisclosed references do not establish obviousness, and in fact arguably are not as relevant as those cited to the examiner. The statements relating to "substantial forces" and symmetrical loading do not justify that conclusion. There is no absolute requirement that an applicant for a patent discuss all the flaws of the prior art, nor need there be test results to support every factual statement in the specification.

Since we reverse the district court's determination of obviousness, Rol is no longer the prevailing party and therefore cannot be awarded attorney fees.

The case is remanded for the district court to determine appropriate relief.

MEMORANDUM OF DECISION OF THE UNITED STATES DISTRICT COURT

(Filed May 2, 1984)

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

Civil No. H-81-709

NICKSON INDUSTRIES, INC.

v.

ROL MFG. Co. and ROL MANUFACTURING (CANADA), LTD.

Civil No. H-83-229

NICKSON INDUSTRIES, INC.

v.

THE ROL MANUFACTURING, INC. OF AMERICA, INC.

MEMORANDUM OF DECISION

The present action has been brought by plaintiff Nickson Industries, Inc. (hereinafter Nickson) for infringement of two patents granted to it with respect to items of exhaust hardware, namely, a tailpipe hanger and a pipe support bracket. This case is a consolidation of a first action filed in this district in 1981 for infringement of only the hanger patent and amended in 1982 so as to include both Canadian corporate defendants, Rol Mfg. Co. and Rol Manufacturing (Canada), Ltd. and both patents in suit, and of a second action filed in 1982 in the District Court for the Central District of Florida against The Rol Manufacturing Company of America, Inc.

I. *Background*

The application for the patent in issue in the first count relates to a tailpipe hanger, and carries the title "Universal Joint Hanger for Tailpipes and the Like." It was issued to plaintiff as assignee of the inventors as United States Patent No. 4,004,768 (hereinafter '768; specifications thereto will be referred to by column and line).[1] Defendants have stipulated that patent '768 is infringed when the Rol tailpipe hanger is installed in a vertical position with symmetrical loading; however, they challenge its validity and seek a declaration that it is invalid. The question of validity in a patent infringement suit is of basic importance, for unless the patent is valid, infringement cannot be found. The primary contention of the defendants in this lawsuit is that patent '768 is invalid as obvious.

The patent in issue covers a tailpipe hanger. Knowledge of what hangs from such a hanger is of some assistance in understanding its function. The hanger is one of the components joined together to form an automobile engine exhaust system. From front to back these components are exhaust pipe, muffler, tailpipe, hanger and clamp. Such an exhaust system carries the waste gases from the

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1. The second count claims infringement of another patent, No. 4,209,155 (hereinafter '155), which relates to a bracket for use in connection with the installation of tailpipes.

Counsel for defendants have stipulated the validity and infringement of patent '155. This was done for the reason that defendants' manufacture and sale of the accused bracket amounts to approximately 50,000 pieces, having a value of approximately $7,500. With such a minimal exposure (a reasonable royalty on the accused bracket amounting to less than $750) it made little sense for the defendants to try the validity and infringement of the '155 patent. The accused bracket had been manufactured by the defendant Rol Manufacturing (Canada), Ltd. under license from Mr. Margolin of California. Nickson, who operates also under license from Mr. Margolin, asserts independent patent rights in the bracket which is the subject of patent '155. However, due to the relatively low numbers of accused brackets involved, defendants have elected not to make the '155 patent an issue in this case.

point of combustion within the engine out through a cast iron manifold and from there into the exhaust system. In the journey from the manifold to the end of the tailpipe, these gases pass through the muffler which muffles the sound of the rapid explosions and provides a greater surface of metal to dissipate the heat of these very hot gases into the atmosphere. The different parts of the exhaust system are tightly connected in order to expel the gases at the rear end of the car where they will not rise into the driver's or passenger's compartment so as to poison the occupants.[2]

The patent specifications describe the hanger, in part, as a support member which is a metal strap of a weight and composition readily bendable into a desired shape with a number of longitudinal-spaced holes at intervals to enable easy adjustment of the length of the hanger. The upper end of this member is attached solidly to some part of the chassis. A bracket member holds a U-shaped clamp which holds the tailpipe. See Figure 1.

Instead of extending the metal support member for the full distance to a bracket member, a part of that distance is bridged by use of "a pair of parallel flexible shock and sound absorbing strap members," (col. 2, lines 44-45). These are connected to the lower end of the upper metal strap member by a rivet, (col. 2, line 65), which extends through the upper strap member. (col. 2, lines 66-67). The lower ends of these flexible strap members are straddled by a U-shaped bracket of sufficient width to encase them together with a separating washer (called a "spacer" in the patent) of the same thickness as the metal support member strap, and are held pivotably within that bracket by a rivet through the sides of the U-shaped bracket, the

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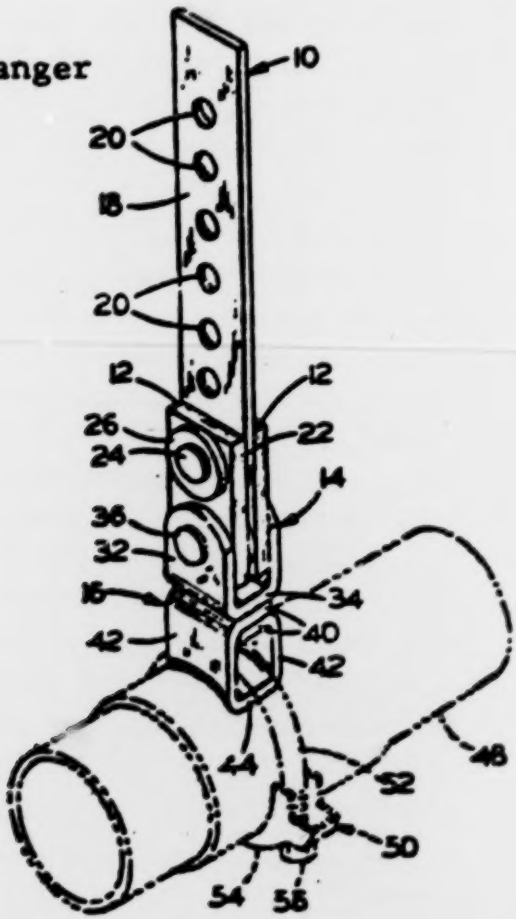
2. For a more detailed description of an engine's exhaust system, *see* 7 *The Illustrated Encyclopedia of Science and Technology* 931 (1977 ed.).

straps, and the washer. Thus, the hanger is easily adjustable to permit securing the pipe at varying directions and at various angle orientations relative to a support surface. (col. 4, line 27; also col. 3, line 65). Such adjustability is required in about 90% of the hanger installations. Attached to the center of the web of the U-shaped bracket by a rivet is a hanger member which is shaped into a rectangle. Over the bottom web of this rectangle a U-bolt is hung upside down. The tailpipe is inserted between its arms and held there by a saddle or clamp keeper which is in turn held in place by a nut threaded onto the arms of the U-bolt.

Figure 1, '768 hanger



II. *Plaintiffs' Factual Contentions*

Before measuring the inventors' claims against the prior art, it will be helpful to focus attention upon those contentions which seem to have persuaded the patent examiner that this hanger was patentable. This should be done because "it is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention." *United States v. Adams,* 383 U.S. 39, 49 (1966) (citations omitted). A principal utility or objective claimed for this invention as explained in the specifications is to secure the tailpipe so as to "minimize the forces acting to shear the pivots." (col. 1, line 37). There are two separate problems here; (1) do prior art tailpipe hangers fail because of shearing of the pivots; and (2) does the invention of the plaintiff "minimize the forces acting" to do that.

A. *Failure of the Prior Art*

While it may be true that failures of prior art hangers occurred because of a separation between the flexible section of the strap and the rivet attaching it to another component, any such failure of prior art hangers is not caused by a shear of the pivots; nor is there, as plaintiff contends, "a substantial force tending to snap off the rivet or bolt heads." (col. 1, lines 16-17). Insight, gained at trial, reveals that the term "pivots" is not a catch-all, but refers only to the rivet which fastens the "flexible shock and sound absorbing strap members" to other components of the hanger assembly. (Rivets are also used to connect other parts which have pivoting action.) The only portion of the rivet constituting a pivot is the cylindrical stem which is inserted through a strap; the stem's cylindrical shape permits the strap to turn easily on the axis of the stem. In failures of prior art hangers, these pivots were not sheared.

The failure of prior art hangers was described more accurately at the trial by Mr. Florian, a co-inventor, president, and sole stockholder of the assignee corporation. He explained that "vibration and tension would be the main forces" that "a hanger is subjected to underneath the car as the car is in operation,"[3] both of which contribute to hanger failure. (Trial transcript at 1-66, hereinafter Tr.). Other contributing forces are rust and corrosion. Then, he continued, "These failues were caused by vibration and pull where in most cases the rubber element failed where rivets pulled out, and in some instances the metal strap through vibration fractured through the holes." (Tr. at 1-69). Then, when asked by his counsel, "What forces tend to produce deterioration of the rubber straps?" he responded, "Heat and I suppose some chemicals." When the court suggested "road salt and stuff," he answered, "I think so." (Tr. at 1-70).

All other witnesses agreed that most tailpipe hanger failure is caused by the deterioration of the flexible strap rather than by the shear of any pivot. The straps themselves are cut from the side walls of worn auto tires. The side walls of used tires which are not recycled by retreading are cut into straps of the correct width and length. The patent states that the straps are "preferably of corded rubber" and "[e]xemplary of strap material is sold under the trademark TYCOR . . . ." (col. 4, lines 3-4, 6-7). This strap material is fabricated originally to withstand air pressure; it is not fabricated to withstand either the high temperatures from a tailpipe heated by exhaust gases or to withstand the constant direct friction against the metal head and core of a rivet punched through its body. Ad-

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3. Vibration, which is produced by the operation of the engine and repetitive explosions of combustion, can be augmented by running on a less than smooth road surface.

ditionally, all surfaces of the straps are exposed to to water, road salts and other road chemicals and debris. Under such exposure the straps gradually deteriorate. The cord in these straps, which is made of fabric, not rubber, gradually breaks loose, causing the fabric to tear away from the rivet—the rivet head does not snap off. About 90% of the failures result from the deterioration of the flexible straps and the rest from corrosion of the metal elements.

The inventors' statement in the specifications that the objective of the patent was to "minimize the forces acting to shear the pivots" was conspicuously a misdirection of focus. Whether or not the inventors did not know any better at the time they sought a patent, such a statement falls short of the accuracy which is expected from a patent applicant.

B. *Advantages over Prior Art*

As shown *supra*, plaintiff is incorrect in asserting that prior art hanger failure was caused by shearing of the pivots. This mistake is compounded by plaintiff's assertion that its invention minimizes the forces acting upon the pivots.

1. *Load Symmetry*

Nickson informed the Examiner that the '768 hanger had symmetrical loading in that the force exerted thereon by a suspended pipe extended along the centerline of the hanger. Such symmetrical loading, according to plaintiff, served to minimize the forces acting to shear the pivots, (col. 1, lines 33-37). In fact, at the time the Nickson patent application was filed, Nickson had absolutely no test results to confirm what was stated to the Examiner in terms of load symmetry. Mr. Florian testified on this subject as follows:

Q. Did you have any test results, sir, to bear that out [load symmetry] at that time?

A. You know that I didn't.

Q. I assume your answer is no.

A. That's correct.

Q. Have you performed any tests at any time relative to the Nickson hanger of Exhibit N that would cause you to make a determination as to whether or not the loading in your hanger is in fact symmetrical.

A. No, I didn't.

(Tr. 1-132).

Thus, the extolling by Nickson of advantages in its hanger due to alleged symmetrical load distribution in the hanger was based on sheer speculation.

Further, while the Nickson hanger purportedly exhibited geometric symmetry, Dr. Thomas Kicher, defendants' expert, performed tensile strength tests showing wide variations in the rating of Nickson hangers from 440 pounds up to 900 pounds. (Tr. 3-204). Dr. Kicher correctly determined that due to the wide variations in the stiffness of the rubber straps employed in the manufacture of hangers, the loading of a Nickson hanger is nonsymmetrical with one strap assuming more load than the other. (Tr. 3-206-207). Additionally, Mr. Florian admitted that the '768 hanger does not provide for symmetry in the load distribution through the rubber straps.

The Court: We can try to be imperfect about it, we can try to generalize about it, but if you use the term symmetrical you're using the term to mean equal, aren't you? Equal on each side?

Mr. Florian: I think you're right, your Honor.

The Court: And if it's not equal on each side it's not equal on each side, and to say that it's somewhat symmetrical because it's probably close to equal on each side is still not equal on each side, right?

Mr. Florian: In strength I think you're correct, your Honor. But is it fair for me to say that in appearance, in physical appearance it appears to be symmetrical?

The Court: I think it's fair for you to say that in appearance, but we're not talking about appearance. We're not talking about what it looks like. We're talking about what it does. What is it in actuality mechanically?

Mr. Florian: All right. Based on that observation, your Honor, I would say that it was asymmetrical.

(Tr. 1-131, 1-132).

2. *Vertical Loading*

Another of plaintiff's misstatements is that when prior hangers were hung in a vertical position there was a "substantial force" acting on the hanger tending to snap off the rivet or bolt heads, (col. 1, lines 14-19), and that the new hanger withstood this force. The patentees conducted no tests whatever to support this contention. Not only is there no evidence that "rivet or bolt heads" snap off, there is no vertical load of any significance. The load of the pipe is miniscule—about one pound per foot of length—five pounds at the most. Further, the purpose of the hanger is only to stabilize the tailpipe which otherwise would quiver and occasionally bounce against some part of the bottom of the car when in operation.

III. *The Law*

Having examined the problem which the inventors said their invention would overcome, it is appropriate next to consider the defendant's contention that the patent is invalid. Under the law relating to patents, an invention to be patentable must be novel, useful, and not obvious. 35 U.S.C. §§ 101, 102, 103 (1954 & Supp. 1983); *Graham v. John Deere Co.*, 383 U.S. 1, 12 (1966).[4] The defendants do not principally contend that the statutory conditions of newness and usefulness are not satisfied. The principal contention of the defendants in this case is that what was patented by patent '768 was so obvious as to preclude patentability. As set forth in 35 U.S.C. § 103:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

The Supreme Court in *Graham v. John Deere Co.* set out the test for obviousness:

> Under § 103, [1] the scope and content of the prior art are to be determined; [2] differences between the

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4. The Act sets out the conditions of patentability in three sections. An analysis of the structure of these three sections indicates that patentability is dependent upon three explicit conditions: novelty and utility as articulated and defined in § 101 and § 102, and non-obviousness, the new statutory formulation, as set out in § 103.

Graham v. John Deere Co., 383 U.S. at 12.

> prior art and the claims at issue are to ascertained; and [3] the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.

383 U.S. at 17.

IV. *Presumption of Validity*

Under 35 U.S.C. § 282, "A patent shall be presumed valid." The burden of establishing invalidity of a patent rests with the party asserting such invalidity. *Id.; American Hoist & Derrick Co. v. Sowa & Sons,* 725 F.2d 1350, 1358 (Fed. Cir. 1984). However, the presentation of evidence of prior art that was not before the patent office has the effect of "eliminat[ing], or at least reduc[ing], the element of deference due the [patent office], thereby partially, if not wholly, discharging the attacker's burden, but neither shifting nor lightening it or changing the standard of proof." *Id.* at 1360 (emphasis omitted).

Patent applicants have an "uncompromising duty" to disclose all of the facts relating to prior art, *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.,* 324 U.S. 806, 816-18 (1945); similarly, an applicant's attorney is likewise required to act with "the highest degree of candor and good faith" in representing parties before the Patent Office. *Kingsland v. Dorsey,* 338 U.S. 318, 319 (1949); *USM Corp. v. SPS Technologies, Inc.,* 514 F. Supp. 213, 234 (N.D. Ill. 1981), *rev'd on other grds,* 694 F.2d 505 (7th Cir. 1982), *cert. denied,* 103 S. Ct. 2455 (1983). Despite this duty, neither the inventors, nor their attorney, disclosed relevant prior art to the Patent Office Examiner, most notably the Exhibit 57A hanger (described more fully *infra*). That hanger was manufactured by Nickson beginning in 1964—well before the invention of the '768 hanger. The '768 hanger has been advertised by

plaintiff as the "Nickson 360° Swinger Universal Hanger." The universal character is derived from the four following features:

(a) a perforated metal strap;

(b) the metal strap being relatively thin—so as to be readily bendable;

(c) A pair of pivots so that the hanger may be offset; and

(d) a 360° swivel between the lower hanger element and the bracket.

The Exhibit 57A hanger is also a "universal" hanger and was admitted by the inventors to contain all the features of the '768 hanger with respect to universality. (Tr. 1-80, 2-60-61).

In addition to the 57A hanger, the Examiner was never informed of the existence of the Willment patent 622,743 (Exhibit 85) or the Feil patent 2,912,198. Therefore, no deference is due to the judgment or expertise of the patent officer insofar as it relates to the validity of the '768 patent vis-a-vis the undisclosed prior art. *American Hoist & Derrick Co. v. Sowa & Sons, supra.*

V. *Differences Between the Claimed Subject Matter and the Prior Art*

Despite the tremendous number of automobiles manufactured during the last 30 years, the art of tailpipe hangers is not a crowded one. This is due no doubt to the relative simplicity of the device.

The '768 hanger differs from the Exhibit 57A hanger in only three respects:

(a) The '768 hanger has two rubber straps instead of one which is present in the Exhibit 57A hanger;

(b) The '768 hanger has a U-shaped bracket attached to the bottom of the rubber straps rather than an L-shaped bracket which is provided in the Exhibit 57A hanger; and,

(c) The swivel axis of the '768 hanger is aligned with the thin metal strap rather than being slightly offset as in the Exhibit 57A hanger.

As to the first of these differences, using two flexible straps to provide greater strength than that furnished by one is simply a "doubling" of the prior art. That "is not such an invention as will sustain a patent, even though the changes of the kind may produce better results." *Dunbar v. Myers,* 94 U.S. 187, 199 (1876).[5] Proof that its hanger "is better than the prior art does not lend patentability to the device." *Laka v. Columbia Pen & Pencil Co.*, 224 F. Supp. 741, 744 (E.D.N.Y.), *aff'd*, 324 F.2d 179 (2d Cir. 1963). Mr. Evans, one of the '768 inventors, admitted, at trial, that it would be *obvious* to use a pair of rubber straps instead of a single strap in order to strengthen the hanger. Mr. Evans' testimony in this regard is as follows:

Q. It would be obvious, in fact, that you would have a stronger device if you used two pieces of the same rubber instead of one piece, isn't that true?

A. I agree.

(Tr. 2-64).

The second difference between the '768 hanger and the prior art is the use of a U-shaped bracket at the bottom

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5. Mere doubling does not support a patent under section 102. It only serves to do "the same thing in the same way, by substantially the same means, with better results [and] is not such an invention as will sustain a patent." *Market Street Cable Railway Co. v. Rowley,* 155 U.S. 621, 629 (1895).

of the rubber straps in lieu of an L-shaped bracket which is provided in the Exhibit 57A hanger. The use of a U-shaped bracket in a hanger was well established as shown by the patent to Willment, 622,743 (Exhibit 85) which issued in 1899. Thus, the second difference between the '768 hanger and the Exhibit 57A hanger (*i.e.*, a U-shaped bracket attached to the lower portion of the rubber straps in lieu of an L-shaped bracket) has been a part of the prior art since at least 1899.

The third difference between the '768 hanger and the Exhibit 57A hanger is that the former aligns the swivel axis with the perforated metal strap in order to give *geometric symmetry* to the hanger. As Mr. Evans testified at trial, the alignment of the Exhibit 57A hanger differs insofar as the swivel axis is offset from the plane of the perforated metal strap by approximately 3/8 of an inch. (Tr. 2-74). However, the concept of geometric symmetry achieved by the '768's alignment was well known to the prior art of tailpipe hangers. Mr. Costas, the plaintiff's attorney, stipulated at trial that Mr. Evans was familiar with the Gerdy patent, 2,744,706 (Exhibit 61) prior to the filing of the Nickson patent application. Mr. Costas further stipulated that Mr. Evans was aware of the fact that Gerdy had geometric symmetry. Further, prior art patents to Farley, 1,362,244, Feil, 2,912,198 and Tuttle, 3,888,439 all teach tailpipe hanger structures in which geometric symmetry is provided. Thus, the third difference between the '768 hanger and the Exhibit 57A hanger is, and was known by plaintiff to be, part of the prior art.

VI. *Ordinary Skill in the Art*

The testimony of Dr. Thomas P. Kicher, a Professor of Mechanical Engineering, supports the proposition that

the differences between the claimed subject matter and the prior art would have been obvious to one having ordinary skill in the art at the time of the invention. Such expert testimony, however, is unnecessary because, taken as a whole, the structural difference between the '768 patent and prior art "would even have been obvious to ordinary laymen of modest intelligence." *Monaplastics, Inc. v. Caldor, Inc.*, 378 F.2d 20, 21 (2d Cir. 1967).

VII. *Holding*

Defendants have met their burden of presenting clear and convincing evidence of the invalidity of the '768 patent. The patented claims, therefore, are held not to have achieved the standards of patentability established by the provisions of 35 U.S.C. §§ 101-103. Specifically, I conclude that the '768 patent is invalid because the differences between this invention "and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art . . . ." 35 U.S.C. § 103.

On count one, the clerk is directed to enter judgment in favor of the defendants on their counterclaim declaring that United States Patent No. 4,004,768 is invalid; further, judgment should enter against the plaintiff on count one.

VIII. *Fees*

The defendants claim that they should be awarded reasonable attorney's fees as the prevailing parties. Section 285 provides that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285. The remedy afforded by section 285 is intended to be used sparingly, *Larchmont Engineering, Inc. v. Toggenburg Ski Center, Inc.*, 444 F.2d 490, 491 (2d Cir. 1971).

Defendants' principal contention is that the unclean hands of the plaintiff during their prosecution of the '768 patent requires that this case be treated as an "exceptional" one. Specifically the defendants contend that Nickson made misleading statements and arguments to the Examiner concerning its '768 hanger. The "misleading statements and arguments" have been uncritically characterized by defendants as "illustrative of the type of puffing or verbal embellishment practiced by plaintiff throughout this litigation."[6] Defendants also point to plaintiff's withholding of its knowledge of the Willment patent 627,743, the Feil patent, and the 57A hanger.

It has been held that "nondisclosure of prior art is insufficient to sustain an award of attorney fees unless it is done in bad faith and with intent to deceive." *Halliburton Co. v. Dow Chemical Co.*, 514 F.2d 377, 381 (10th Cir. 1975); *Everest & Jennings, Inc. v. Colson Corp.*, 371 F.2d 240, 243 (7th Cir.), *cert. denied*, 387 U.S. 918 (1967).

While "[f]raud on the Patent Office would certainly be enough to make a case exceptional," something less may also be enough to make a case exceptional. The Second Circuit Court of Appeals has upheld an award of attorney's fees under section 285 ruling "conduct short of fraud and in excess of simple negligence is also an adequate foundation for deciding that a patent action is exceptional." *Kahn v. Dynamics Corp. of America*, 508 F.2d 939, 945 (2d Cir.

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6. "Puffing" or "traders talk" are statements of opinion or subjective fact. Such statement must be distinguished from statements of objective fact. In the context of mail fraud, it has been held that only statements of objective fact rather than of subjective fact may be held fraudulent misrepresentations. *United States v. Hannigan*, 303 F. Supp. 750, 753 (D. Conn. 1969) ("As a statement of a *subjective fact*, it is clear that this is only the speaker's opinion. The speaker is not relating the value of the object to external objective criteria, but rather is making a direct statement of his subjective evaluation of the object.").

1974), *cert. denied*, 421 U.S. 930 (1975) (quoting *Monolith Portland Midwest Co. v. Kaiser Aluminum and Chemical Corp.*, 407 F.2d 288, 294 (9th Cir. 1969)).

IX. *Duty of Disclosure*

Fraud properly includes all acts, omissions and concealments which involve a breach of legal or equitable duty. Apart from the violation of express duty to disclose material information to the Patent Office established by 37 C.F.R. § 1.56(a), the failure to disclose prior art known to an applicant could be regarded as fraud or other inequitable conduct. *CMI Corp. v. Barber-Greene Co.*, 683 F.2d 1061, 1066 (7th Cir. 1982) (failure of applicant to cite its own machine is sufficient to support a finding of fraud).

The duty of disclosure insofar as it applies to inventors and attorneys is set forth in 37 C.F.R. § 1.56(a):

> A duty of candor and good faith toward the Patent and Trademark Office rests on the inventor, on each attorney or agent who prepares or prosecutes the application and on every other individual who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application. All such individuals have a duty to disclose to the Office information they are aware of which is material to the examination of the application. Such information is material where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent. The duty is commensurate with the degree of involvement in the preparation or prosecution of the application.

An applicant for a patent is not bargaining at arm's length with a profit-oriented person of the business world. In the patent application context, advantage is not taken of an individual, but of the entire public.

> A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the "Progress of Science and Useful Arts." At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope. The facts of this case must accordingly be measured by both public and private standards of equity.

Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co., 324 U.S. 806, 816 (1945).

In the present case, when the circumstances surrounding the failure to disclose the existence of prior art and the circumstances surrounding the "puffing" are considered, characteristics of an "exceptional" case emerge.

During the prosecution of patent '768, the Examiner was aware of the Gerdy patent 2,744,706 (Exhibit 61). The Examiner was not aware, however, of the existence of the Exhibit 57A hanger, the Willment patent 622,743 (Exhibit 85), the Feil patent 2,912,198 (Exhibit 111), or the Walker hanger (Exhibit 47).

Nickson was well aware of the Exhibit 57A hanger as it was a hanger manufactured by Nickson prior to the invention of the patent in suit. (Tr. 1-75-76). Nickson was

also aware of the patent to Willment 622,743 (Exhibit 85) prior to the filing of its patent application. This knowledge resulted from a search that was performed for Mr. Costas by Mr. Maley dated November 14, 1974 (Exhibit 134). Nickson also knew of the patent to Feil 2,912,198 (Exhibit 111). This knowledge came about as a result of the same search by Mr. Maley. However, neither the inventors Mr. Florian and Mr. Evans, nor their attorney, Mr. Costas, informed the Examiner of the existence of the Exhibit 57A hanger. Further, Nickson failed to disclose its knowledge of the Willment patent or the Feil patent to the Examiner.

X. *Misrepresentations to the Examiner*

The plaintiff has unclean hands because it withheld information it should have disclosed to the Patent Office. This was buttressed by the inventors' active misrepresentations designed to support their application for a patent. What has been uncritically described by the defendants as "puffing" (*see* note 6) bolsters their contention that plaintiff made knowing misrepresentations with intent to deceive the Patent Office. What was misrepresented was not simply a matter of opinion, but of fact. Plaintiff's statements relating to *Failure of the Prior Art* and *Advantage Over Prior Art, supra* pp. 6-8, 8-11, were untrue.

The patentees were sophisticated in the tailpipe hanger art. No excuse is offered, nor can any be imagined, for the several misstatements they made to get the Patent Examiner to approve their application. *See Trans-World Display Corp. v. Mechtronics Corp.*, 437 F. Supp. 692 (S.D. N.Y. 1977). Having persisted in making such statements as far as they did has turned this into an exceptional case. I hold that their conduct amounted to more than simple negligence. Fees to counsel are awarded to the defendants.

XI. *Conclusion*

The infringement of Patent No. 4,209,155 having been stipulated as disclosed in note 1, the parties are directed to submit an agreement setting forth the amount of damages to be awarded to the plaintiffs therefor.

Since the amount of defendants' attorney's fees should be resolved prior to entry of final judgment, *see CTS Corp. v. Electro Materials Corp. of America*, 469 F. Supp. 801, 824 (S.D.N.Y. 1979), the parties are directed to submit an agreement as to the amount of attorney's fees to be awarded. If no agreement is reached before June 1, 1984, the defendants shall file their respective applications, supported by affidavits and copies of contemporaneous time records within one week thereafter, and the plaintiff may reply thereto on or before June 15, 1984.

As stated by the Supreme Court in *Hensley v. Eckerhart*, ... U.S. ....., 103 S. Ct. 1933, 1941 (1983), a "request for attorney's fees should not result in a second major litigation."

The foregoing constitutes the court's findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure. Judgment shall enter as set forth in part VII; and attorney's fees shall be awarded to the defendants as set forth in part VIII. It is

SO ORDERED.

Dated at Hartford, Connecticut, this 2nd day of May, 1984.

/s/ M. JOSEPH BLUMENFELD
Senior United States District Judge

JUDGMENT ENTRY OF THE UNITED STATES DISTRICT COURT IN H-83-229

(Filed May 7, 1984)

No. H-83-229

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

NICKSON INDUSTRIES, INC

v.

THE ROL MANUFACTURING COMPANY OF AMERICA, INC.

Judge M. Joseph Blumenfeld

[X] DECISION BY COURT. This action came to trial or hearing before the Court with the judge (magistrate) named above presiding. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED

Judgment may enter for the defendant

JUDGMENT ENTRY OF THE UNITED STATES DISTRICT COURT IN H-81-709

(Filed May 7, 1984)

No. H-81-709

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

NICKSON INDUSTRIES, INC

v.

ROL MFG. CO., et al

Judge M. Joseph Blumenfeld

[X] DECISION BY COURT. This action came to trial or hearing before the Court with the judge (magistrate) named above presiding. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED

Judgment may enter for the defendants.

ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

(Dated April 9, 1985)

No. 84-1377

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

NICKSON INDUSTRIES, INC.,
Appellant,

v

ROL MFG. CO. AND ROL MANUFACTURING (CANADA) LTD. AND THE ROL MANUFACTURING COMPANY OF AMERICA, INC.
Appellees.

ORDER

A petition for rehearing having been filed in this case,

UPON CONSIDERATION THEREOF, it is Ordered by the court that the petition for rehearing be, and the same is hereby, denied.

FOR THE COURT:

/s/ GEORGE E. HUTCHINSON
Clerk